1943

File No. Wages II 42

Legal Department
B **BRANCH**

Subject: Rules and notifications under the ~~Bombay~~ Payment of Wages Act, 1936

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File No. Wages II/43

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Office of the R.L.A.

The Director of Civil Supplies states that most of the Cotton Textile Mills in Bombay City at present run grain shops for their employees and at shops an employee is allowed credit to purchase essential articles upto a limit of 40 percent of his wages or Rs. 22/- permonth whichever is less. Under section 3 of the Bombay Rationing Order, 1943, it is proposed to declare such factory shops as authorised retail distributros, and the Millowners' Association has agreed to continue the existing credit facilities. The Director further observes that the purchases of essential articles at such mill grain shops might in furture exceed the credit limits and part of the purchases might have to paid for in cash by the employee. The question for the R.L.A's consideration is whether these cash payments in excess of the limits upto which credit is allowed be deductions from wages within the meaning of the Explanation to sub-section (1) of section 7 of the Payment of Wages, Act, 1936.

2. Sub-section (1) of section 7 of the Payment of Wages Act provides that the wages of an employed person shall be paid to him without deductions of an kind except those authorised by or under the Act. Sub-section (2) specifies the authorised or permissible deductions from wages, and among these are deductions for recovery of advances . It has been ascertained from the Director that the cash which the employee might have to make for purchases made in excess of the credit limit would not be from any cash advance made by the employer. If it were, the employer would under the provisions of subsections

(1) and (2) of section 7 be entitled to deduct the same from the wages of the employee. The Explanation to sub-section (1) proceeds to lay down that every payment made by the employed person to the employer or his agent shall, ~~if~~ for the purposes of the Act, be deemed to be a deduction from wages, It is not clear why this Explanation was inserted. But on a reference to the debate on the Bill it would appear that its main object was to check the practice of compelling the weavers either to take spoilt cloth in lieu of wages or to pay compensation for it. The explanation contemplates payment by an employee to his employer on account of any thing arising out of his employment such as compensation for spoilt ~~cloth~~ cloth etc., and such payment not being a deduction from wages could not have ordinarily been recovered under the provisions of sub-section (2), it being in the nature of a recovery from the employee. In the present case, however, a cash payment made by an employee for purchasing articles from a grain shop in excess of the limit upto which credit is allowed does not come from any advance paid by the employer and does not involve any direct or indirect deduction from wages. His cash ~~pay~~ purchases at the grain shop in excess of the credit limit have really no connection with the payment of his wages and the employer is in no way concerned. Consequently the Explanation to sub-section (1) will have no application..

Sd/- P.N. Moos.

Remembrancer of Legal Affairs.

U.R. to F.D. (Supply), No. 2399 dated the 1st April 1943.

Office of the R.L.A.

The draft Order at pages 7-8 ante, as slightly amended, is in order.

2. As it is proposed to impose conditions it will be necessary to mention section 11 also in the proposed order, which has been done.

3. As the amendments suggested by the Commissioner of Labour at pages 4-5 ante will be a departure from the request of the TATA Air Craft Ltd. (PP. 1-3 ante) in certain respects, it is for the consideration of the P. & S.D. whether the amended order should not be shown to that body before it is issued.

Id/- P.N.M.

27/8.

Remembrancer of Legal Affairs.

U.R. to P. & S.D. No. 5842, dated the

28th August 1943.

MSR.
16/7.

O R D E R.

Political and Services Department.
Bombay Castle, 1943.

Payment of Wages Act, 1936.

No. .- For the purposes of clause (a) of sub-section (2) of section 7 and of section 11 of the Payment of Wages Act, 1936 (IV of 1936), the Government of Bombay is pleased to authorise deductions from the wages of persons employed by Messrs. Tata Aircraft Limited, Bombay in respect of the cycles supplied to them at their request at cost price and under the terms of the model hire-purchase agreement which has been deposited by the said company with the Government of Bombay, subject to the modifications that if the hirer dies, his legal representatives shall be entitled to the rights of the hirer under clauses 15, 4 and 5, and that the words "death or "are deleted from clause 3(a) of the said model hire- purchase agreement.

By order of the Governor of Bombay,

Chief Secretary to Government.

MSR.
16/7.